

W A S H I N G T O N
H I G H E R
EDUCATION
C O O R D I N A T I N G B O A R D

October 2004

Fiscal Committee Report:
Higher Education Coordinating Board
Draft 2005-07 Higher Education
Operating and Capital Budget Recommendations

Overview

The Higher Education Coordinating Board (HECB) is directed by state law (RCW 28B.76.210) to submit recommendations on the proposed 2005-07 higher education budgets and on the board's priorities to the Office of Financial Management by November 1, 2004. Budget recommendations are to be submitted to the legislature by January 1, 2005.

The board is to review and evaluate the operating and capital budget requests from the four-year institutions and the State Board for Community and Technical Colleges (SBCTC). This review is to be based on how well the requests align with the board's budget priorities, the missions of the institutions, and the *2004 Strategic Master Plan for Higher Education*.

The board is to collaborate with the four-year institutions and the State Board for Community and Technical Colleges, along with other appropriate organizations, to identify budget priorities and the levels of funding for higher education. The recommendations from the board are not to be a sum of the requests from the multiple institutions, but reflect the prioritized funding needs of the overall system of higher education.

The four-year institutions, the SBCTC, and the HECB submitted their 2005-07 budget requests to the Office of Financial Management and the HECB in early September. The institutions and the SBCTC reviewed their requests with the board on September 21, 2004.

The board is aware of the state's fiscal condition and the estimated \$1.1 billion dollar mismatch in the 2005-07 biennium operating budget outlook. Expected carry-forward budget pressures exceed the forecasted level of revenues available for this period. The board is also aware that Initiative 884 is on the ballot in November. This initiative would raise an additional \$1 billion per year in state revenue dedicated to education purposes. More than \$400 million per year, or more than \$800 million in the 2005-07 biennium, would be dedicated to higher education.

In July 2004, the board adopted the *2004 Strategic Master Plan for Higher Education*. In this plan, the board described its vision, goals, and specific proposals for improving the higher education segment of the state's education system. Several overarching points of context framed and focused the entire report:

- Continuing the status quo is not good enough. Washington has an excellent higher education system, but its quality cannot be taken for granted. The board believes the state system is not funded as well as it should be and it is not working as effectively as it could for students, institutions, and policy-makers.
- The state must focus on a limited number of priorities. Washington must resist the impulse to identify an ever-expanding list of well-intended goals, strategies, and new programs. Instead, the state must relentlessly limit itself to the highest priorities. In the master plan, the board's highest priorities are restricted to two goals: (1) increasing the number of students who complete their studies and earn college degrees, certificates, and other credentials of success and (2) making the higher education system more responsive to the needs of the state economy.
- Washington must have both a well-funded higher education system and one that is responsive to performance measurement and accountability. The board is committed to advocating higher state spending for colleges and universities, including increased financial aid for deserving students. It also endorses accountability for performance, because the taxpayers of Washington deserve to know two things: (1) that the public's investment in higher education is being well used and (2) that the state coordinating board is doing its part to build a strong system.

Goals for higher education in Washington

The goals and strategies presented in the *2004 Strategic Master Plan for Higher Education* include the following:

1. Increase opportunities for students to earn degrees

The 2004 strategic plan calls for a 12 percent increase in the number of students who earn college degrees per year by 2010, supported by a major increase in student enrollment. Currently, 58,000 students per year receive two-year, four-year and graduate degrees, so this goal represents an increase of 7,000 graduates each year.

2: Respond to the state's economic needs

The plan calls for a coordinated strategy to improve the collective economic responsiveness of the state's colleges and universities. Under this plan, more students would earn degrees in "high-demand" fields where careers are plentiful, the number of students who complete job training

programs would increase by 18 percent, and the number of adults enrolled in adult basic education or English as a Second Language programs who increase their skills would increase by 19 percent.

Strategic policy proposals to support the goals

Funding for student success: The state should fundamentally change the way it finances higher education by linking funding more closely to results. Funding increases should reward colleges whose students are successful. Success can be measured in many ways, based on the mission of the college or university and the goals of students.

Allocating student enrollments: The state should provide additional resources to fund the necessary enrollment slots at the two-year and four-year colleges and universities by the 2009-11 biennium to meet the board's degree goals.

Increasing degrees in high-demand fields: In many programs, colleges cannot serve all the students who want to enroll, while employers cannot find enough skilled workers to fill projected job openings. The state should increase by 300 per year the number of students who earn degrees in these "high-demand" fields.

Keeping tuition affordable and predictable: Tuition increases at public colleges should be no more than 31 percent over any consecutive four-year period (7 percent annual increases compounded over four years). No annual increase should exceed 10 percent.

Expanding student financial aid: To help financially needy students meet the rising costs of a college education, the state should expand several state financial aid and scholarship programs. The plan also calls for a new pilot program to aid adults who attend college part-time while working full-time.

Planning for regional higher education needs: A comprehensive planning process will respond to regional needs for expanded college capacity and greater economic responsiveness.

Helping transfer students earn bachelor's degrees: The state needs a barrier-free transfer system to help community college transfer students earn bachelor's degrees at four-year colleges and universities as efficiently as possible. A statewide course equivalency system would help students learn which two-year college courses they should take for specific majors at each four-year college and university.

Helping students make the transition to college: Students who aren't prepared for college often fail to achieve their goals. Educators must clearly communicate to K-12 parents and students what it means to be "ready for college." Then, the state must make sure classes for 11th and 12th grade students adequately prepare them to enter college.

Increasing accountability for student success: Accountability is the backbone of a successful educational system and Washington needs to redesign its current accountability system to measure progress toward the statewide goals.

Measuring student success with an improved data system: Detailed information about student success is essential to understand current trends and to plan for future improvements. Washington lacks the kind of coordinated data system needed by state policy-makers, so the plan calls for a student-focused data system to evaluate progress toward state goals and to identify and eliminate barriers to student success.

Reducing barriers for non-traditional students: The state must pursue several strategies to meet the higher education needs of “non-traditional” students – including unemployed adults, students whose first language is not English, and those who need to balance college with work and family obligations.

State law regarding higher education budget recommendations

RCW 28B.76.210 – Budget priorities and levels of funding – Guidelines for institutions – Review and evaluation of budget requests – Recommendations

(1) The board shall collaborate with the four-year institutions including the council of presidents, the community and technical college system, and when appropriate the work force training and education coordinating board, the superintendent of public instruction, and the independent higher educational institutions to identify budget priorities and levels of funding for higher education, including the two- and four-year institutions of higher education and state financial aid programs. It is the intent of the legislature that recommendations from the board reflect not merely the sum of budget requests from multiple institutions, but prioritized funding needs for the overall system of higher education.

(2) By December of each odd-numbered year, the board shall distribute guidelines which outline the board's fiscal priorities to the institutions and the state board for community and technical colleges. The institutions and the state board for community and technical colleges shall submit an outline of their proposed budgets, identifying major components, to the board no later than August 1st of each even-numbered year.

(3) The board shall review and evaluate the operating and capital budget requests from four-year institutions and the community and technical college system based on how the requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education under RCW 28B.76.200.

(4) The board shall submit recommendations on the proposed budgets and on the board's budget priorities to the office of financial management before November 1st of each even-numbered year, and to the legislature by January 1st of each odd-numbered year.

(5) Institutions and the state board for community and technical colleges shall submit any supplemental budget requests and revisions to the board at the same time they are submitted to the office of financial management. The board shall submit recommendations on the proposed supplemental budget requests to the office of financial management by November 1st and to the legislature by January 1st.

[2004 c 275 § 7; 2003 c 130 § 3; 1997 c 369 § 10; 1996 c 174 § 1; 1993 c 363 § 6; 1985 c 370 § 4. Formerly RCW 28B.80.330.]



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2005-2007 Higher Education Operating Budget Recommendations

Goals of the 2004 Strategic Master Plan for Higher Education

Goal 1: Increase opportunities for students to earn degrees

The specific goal is to increase the number of associate, bachelor's, and graduate degrees earned annually in Washington at both public and private institutions.

- The goal for associate degrees is to have students earn 23,500 such degrees in 2009-10, an increase of nearly 1,700 or 8 percent from 2002-03.
- The 2009-10 goal for bachelor's degrees is 30,000, an increase of 4,000 or 16 percent from 2002-03.
- For graduate degrees, including master's, doctoral, and professional degrees (such as law and medical), the 2009-10 goal is 11,500, representing a 1,300 or 13 percent from 2002-03.

These goals were developed by analyzing several sets of data: the demographics of Washington's population in the prime degree-seeking age groups, economic projections for the state, and comparisons to other states. For the purpose of these budget recommendations, intermediate targets are presented. Degree-granting institutions in Washington report annually to the U.S. Department of Education on the number of degrees earned by their students.

Master plan goals for degrees issued by all Washington colleges and universities

	2002-03	2005-06	2006-07	2009-10
Associate Degrees	21,806	22,500	22,800	23,500
Bachelor's Degrees	25,942	27,500	28,000	30,000
Graduate Degrees	10,156	10,600	10,800	11,500

Goal 2: Respond to the state's economic needs

Specific targets for this goal have been set in the areas of: (a) increased completion in the state's high-demand programs; (b) increased numbers of students prepared by the state's community

and technical colleges to enter the workforce; and (c) increased numbers of adults enrolled in adult basic education in the state's community and technical colleges who increase their literacy skills. These latter two targets are based on goals adopted by the State Board for Community and Technical Colleges (SBCTC).

The Higher Education Coordinating Board (HECB) is proposing a specified amount of funding be provided annually for increasing enrollments and completions in high-demand fields. The amount of increase is \$10 million per year. The goal for high-demand completions is strictly limited to the expansion of these programs. It is not related to the ongoing activity in existing high-demand programs.

The SBCTC has a performance measure for "prepared for work." This term is defined to include students who completed a vocational degree or certificate, apprenticeship program, or a unique training program, or students majoring in vocational programs who have left college after completing 45 vocational-level credits with a GPA of 2.0.

Another SBCTC performance measure is "increased adult literacy." This refers to the number of adults enrolled in adult basic education (ABE/GED) or English as a second language (ESL) who increase their literacy skills. The baseline is the number of students who made statistically significant gains or earned a GED or high school diploma during one academic year.

Master plan goals for students completing programs or demonstrating skill gains

	2002-03	2005-06	2006-07	2009-10
High-Demand Completions			600	1,500
Prepared for Work*	22,319	22,800		25,000
Increased Adult Literacy*	17,275**	18,150		20,525

* These goals are based on goals adopted by the State board for Community and Technical Colleges.

** The State Board for Community and Technical Colleges revised the adult literacy performance measure in 2004; this baseline is for 2003-04.

For the most part, actions already taken by the legislature and the institutions during the 2003-05 and prior biennia will determine whether the 2005-07 biennium goals are met. It takes several years for students to move through higher education. For example, with a four-year program, if enrollments are increased for the 2002-03 academic year and the institution responds by increasing the number of freshman students, initial results may not be seen until the 2005-06 academic year. Likewise, actions taken in the 2005-07 biennium will determine whether the specific goals set for the 2007-09 and 2009-11 biennia will be met.

Strategies to support state higher education goals in 2005-07

Fiscal Committee Proposal Higher Education Coordinating Board 2005-07 Higher Education Operating Budget Recommendations

	<u>\$ Millions</u>
Current Biennium	\$2,697.6
Maintenance Level (amount necessary to continue current services)	\$2,862.2
Strategies	
Allocating Student Enrollments	
Associate degrees, prepared for work & adult literacy: 10,000 FTEs over two years at \$5,650 per FTE	\$84.8
Bachelor's degrees: 8,000 budgeted FTEs over two years at \$6,303 per FTE	\$92.0
Graduate degrees: 2,100 budgeted FTEs over two years at an average \$15,000 per FTE	\$59.0
COLAs for all faculty and staff: 3.2% in FY06 and 1.6% in FY07	\$97.0
Additional salary increase for faculty/exempt staff to make progress when compared to institutional peers (5% each year)	\$143.0
Program improvements to close the gap between Washington institutions and their peers	\$80.0
Increasing enrollments in high-demand fields	\$30.0
Expanding student financial aid	\$160.0
Helping transfer students earn bachelor's degrees	\$1.6
Measuring student success with improved data system	\$0.5
Research	<u>\$100.0</u>
Total Increase	\$847.9
Total Proposed Budget	<u>\$3,710.1</u>
Percentage increase 2005-07 over 2003-05	38%

- **Funding for student success**

While a funding proposal is not specifically described in this budget recommendation, the HECB remains committed to moving toward a funding system that rewards success rather than enrolling students. Success may be defined in many ways, but the central concept is degree or program completion. The concept of funding success represents a significant change in conducting business and will take time to plan and implement.

During 2005-07, the HECB will lay the groundwork to support a change in the funding mechanism. The board proposes that higher education funding be apportioned on the basis of enrollment during 2005-07, but that the funding system be gradually transformed beginning with the 2007-09 biennium. The board will collaborate with the state higher education community and the legislative and executive branches of state government in designing a new funding methodology and an action plan for putting it in place.

- **Allocating student enrollments (\$556 million)**

Shares between public and private institutions

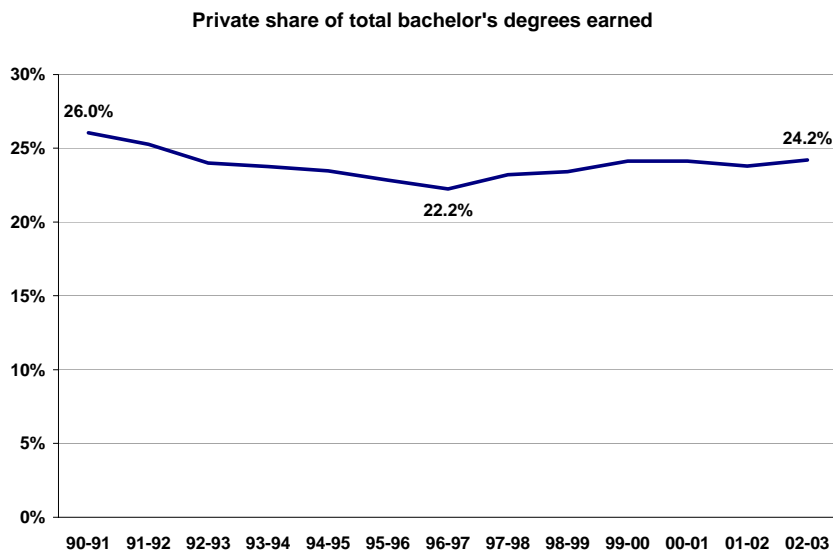
From 1991 through 2003, the number of bachelor's degrees earned at private colleges and universities increased from 5,026 to 6,281. Most of this growth has occurred since 1997. The share of total bachelor's degrees in Washington being earned at the private institutions declined from 26 percent in 1991 to 22 percent in 1997 and has increased to 24 percent in 2003. Since 1997, the share of bachelor's degrees being earned at institutions belonging to the Independent Colleges of Washington¹ grew from 4,399 to 4,964, while their share of total degrees in the state remained constant at 19 percent. Other private non-profit institutions increased their share from 3 percent to 4 percent of the total degrees earned as the number of degrees earned increased from 628 to 945.² Private for-profit institutions went from less than 0.5 percent in 1997 to 1 percent in 2003 as they grew from 65 degrees to 372.³

¹ Bachelor's degrees earned in 2002-03: Seattle University (845), Pacific Lutheran University (785), Gonzaga University (667), Seattle Pacific University (641), University of Puget Sound (586), Whitworth College (425), Whitman College (378), Saint Martin's College (282), Walla Walla College (279), and Heritage College (76).

² Bachelor's degrees earned in 2002-03: City University (345), Northwest College of the Assemblies of God (227), Cornish College of the Arts (118), Antioch University-Seattle (94), Bastyr University (79), Henry Cogswell College (49), Trinity Lutheran College (20), Puget Sound Christian College (10), and Faith Evangelical Lutheran Seminary (3).

³ Bachelor's degrees earned in 2003: University of Phoenix-Washington (221), ITT Technical Institute-Seattle (68), Digipen Institute of Technology (34), Crown College (32), and Northwest College of Art (17).

The share of bachelor's degrees being earned at Washington's private institutions reached a low of 22% in 1997 and has increased to 24% since then



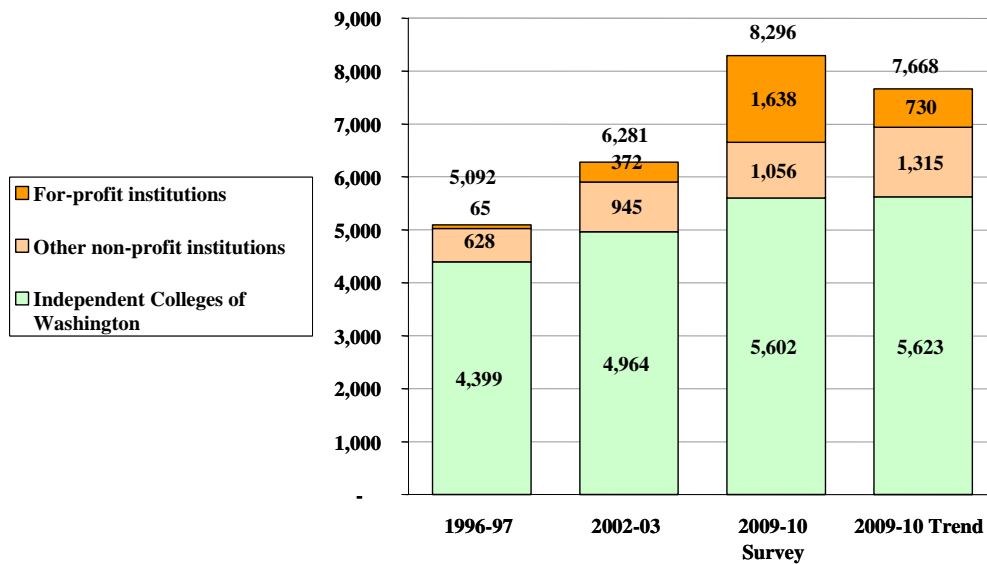
In spring 2004, the HECB surveyed the non-profit and for-profit baccalaureate institutions in Washington. These colleges were asked how many bachelor's degrees they expected to award in 2010. This response was compared to the trend from 1997 to 2003. Overall, the institutions' expectations totaled nearly 8,300 bachelor's degrees, or 28 percent of the HECB's 30,000 bachelor's degree goal for 2010. If the past trends continued, the total would be 7,700, or 26 percent of the goal.

The share of degrees issued by the Independent Colleges of Washington would remain constant at 19 percent. The survey results and the trend analysis yield similar results. The other non-profit institutions would remain at 4 percent of the total. There is a difference of 300 degrees between the survey results and the trend data – due to the fact that the two institutions that had the greatest growth between 1997 and 2003 did not participate in the 2004 survey (for this survey they were assumed to have no growth; the trend analysis assumed they would grow as in the past). The for-profits could range from 2 percent (trend) to 5 percent (survey) of the total bachelor's degree goal. This range was influenced by one institution that issued no bachelor's degrees in 2003 but said it expected to issue 900 in 2010.

For the purposes of this budget recommendation, it is assumed that private institutions in Washington would provide 25 percent of the bachelor's degrees earned in 2005-06 and 2006-07. This is midway between the actual results for 2002-03 and a reasonable expectation for 2009-10. The expectation is that 6,875 bachelor's degrees in 2005-06 and 7,000 bachelor's degrees in 2006-07 would be earned at private institutions. There are no strategies contained in this recommendation that would purport to alter this trend.

By 2010 the private baccalaureate institutions expect to produce 7,700 to 8,300 bachelor's degrees

Expected bachelor's degrees to be earned at private institutions in 2010
Survey of private institutions compared to continuation of recent trends



Degree and performance goals for public institutions

This budget recommendation sets interim targets for degrees to be earned (associate, bachelor's and graduate degrees) and several performance measures (high-demand completions, workforce ready, and adult literacy). These targets can be converted into the educational activity that needs to take place to produce the results. For example, over the four years from 1999-00 to 2002-03, the comprehensive universities (CWU, EWU, TESC, and WWU) provided 5.2 million undergraduate student credit hours. One student credit hour is one student taking one hour of instruction per week. A full-time equivalent student takes 45 credit hours over the course of an academic year. During this four-year period, the comprehensive universities awarded nearly 30,000 bachelor's degrees. On average, then, over this four-year period, there was one bachelor's degree earned for every 175 student credit hours of instruction.⁴ Or, this can be stated as one bachelor's degree earned per 3.89 full-time equivalent students.

⁴ This average is less than what normally is required to earn a bachelor's degree – 180 credits. There are many factors that influence this average. Students taking extra courses, dropping classes, dropping out of school, failing and retaking courses, etc., would push the average upwards. Students importing credits from other colleges, such as transfer students from community colleges, would lower the average.

Full-Time Equivalent Enrollments per Degree 1999-00 to 2002-03

Bachelor's Degrees

UW-All Campuses	3.40
WSU-All Campuses	4.05
Research Average	3.62
CWU	3.73
EWU	4.54
TESC	3.13
WWU	3.94
Comprehensive Average	3.89
Total All Public Four-Years	3.73

Graduate Degrees (Masters, Doctorates, and Professional)

UW-All Campuses	3.14
WSU-All Campuses	4.06
Research Average	3.35
CWU	1.64
EWU	2.05
TESC	2.41
WWU	1.59
Comprehensive Average	1.87
Total All Public Four-Years	3.05

Source: HECB analysis using enrollment data from OFM and degree data from IPEDS

New public enrollments

As stated in the introduction, it may be too late to make decisions to ensure that the degree targets for the 2005-07 are met. However it is imperative that the enrollments be added so that the 2007-09 and 2009-11 targets can be met. The requested enrollments are allocated between the community and technical college, baccalaureate, and graduate sectors. The additional enrollment for bachelor's degrees and graduate degrees are not earmarked for particular institutions. Instead, parameters are provided on how many full-time equivalent students will be provided per expected degree and a cost per student. Institutions are then free to negotiate with

the legislature on whether these conditions are adequate and the number of additional students they are willing to accept, and the accompanying degrees.

Community and technical colleges

The State Board for Community and Technical Colleges prepared its budget request by linking its performance targets with the additional students needed to meet these targets. Built into this request are expected efficiency improvements. It is expected that ratios between degrees, certificates, and program completions compared to full-time students will be reduced. The SBCTC request is for an additional 5,000 FTE students in 2005-06 and another 5,000 FTE students in 2006-07, for a total of an additional 10,000 FTE students during the 2005-07 biennium.

Four-year undergraduate students

The budgeted enrollment level at the four-year institutions for 2004-05 is 87,639 FTE students. This is for both undergraduate and graduate students. Based on the split between actual undergraduate and graduate enrollments in 2002-03, the estimated number of budgeted undergraduates in 2004-05 is 70,616. The number of degrees that would be earned from this level of enrollments, using the four-year average of degrees per FTE student, would be 18,936.

The public sector bachelor's degree target is 20,625 in 2005-06 and 21,000 in 2006-07. These targets represent growth of nearly 1,700 degrees in 2005-06 over the "budgeted" level from 2004-05 and another 400 in 2006-07. At the comprehensive university average of 3.89 FTE students per bachelor's degree, the budgeted enrollment growth needed to meet the bachelor's degree targets is 6,600 in 2005-06 and another 1,400 in 2006-07. The 2005-07 biennium total budgeted enrollment growth is 8,000 FTE students.

Four-year graduate students

The estimated number of budgeted graduate students in 2004-05 is 17,000. Over three-fifths of these students are at the University of Washington, with another quarter at Washington State University. The number of graduate degrees that would be earned from this level of budgeted enrollments, using the four-year average of graduate degrees per FTE student by institution, would be 5,565.

The public sector graduate degree targets are 6,150 in 2005-06 and 6,260 in 2006-07. Using the average number of FTE students required per degree at each institution, the required number of additional FTE students is 1,800 in 2005-07 and another 300 in 2006-07. The total budgeted FTE enrollment growth over the 2005-07 biennium is 2,100.

Funding for new enrollments/degrees at peer level (\$236 million)

The question of what is the “right amount” to spend on higher education is key to the discussion of higher education funding. States generally choose one of two methods to fund public higher education: (1) funding formulas or (2) cost per student. Formulas spell out student-faculty ratios, faculty teaching loads, administrative overhead, etc. Benchmark institutions are chosen to determine the “right” ratios, loads, and percentages. The “right” amount for a Washington institution is what is done at other institutions of a similar nature. Looking at the cost per student, the step of developing formulas is dropped. The “right” amount per student is what occurs at other similar institutions – the formulas are implied. These similar institutions are “peer” institutions.

The current lists of Washington public four-year institutions’ peers were established in 1988 when the legislature expressed concern about the narrowness of the peer lists then in use. A Special Joint Study Group (JSG) on Higher Education was formed composed of members of both houses of the legislature, the executive branch, and the board. This group endorsed a new set of peer institutions and recommended using these new peer groups as external benchmarks to measure the adequacy of financial support for higher education. The JSG also established a funding goal for Washington institutions to achieve the 75th percentile level of the comparison groups over four biennia, beginning in 1989.

The criteria used to establish the peer groups reflect a national perspective. The peer groups include institutions that are similar in size, program offerings, student mix, and research orientation. More specifically, the Carnegie Commission’s classification of institutions is used as the basis for selecting comparison groups (peer group numbers include the Washington institutions):

- The national comparison group for the University of Washington is all public institutions in the Carnegie classification “Research Universities category 1 with medical schools” (25 institutions).
- The national comparison group for Washington State University is all public land grant universities in the Carnegie classification “Research Universities categories 1 and 2 with veterinary schools” (23 institutions).
- The national comparison group for Central, Eastern, and Western Washington Universities is all public institutions in the Carnegie classification “Comprehensive Colleges and Universities category 1” (278 institutions). For these budget recommendations, The Evergreen State College is included in this comparison.

In FY 2003, the peer institutions for the University of Washington were funded at an average rate per student 30 percent higher than for the UW. The peer institutions for Washington State University were funded at an average rate 14 percent higher than WSU. The peer group for the comprehensive institutions was funded 16 percent higher than the Washington institutions. The budget recommendations for funding new students at the baccalaureate institutions are based on increasing the average appropriation for 2004-05 by the amount indicated in the peer analysis.

**Governmental Funding Per FTE Enrollment
Washington Institutions Compared to their Peers
Based on Fall FTE Enrollments**

	FY2001	FY2002	FY2003
UW-All Campuses	\$9,223	\$9,046	\$8,673
Peer Average	\$12,148	\$12,071	\$11,310
Percent Difference	32%	33%	30%
WSU-All Campuses	\$9,737	\$9,761	\$9,250
Peer Average	\$11,283	\$11,138	\$10,587
Percent Difference	16%	14%	14%
Comprehensives (average)	\$5,350	\$5,363	\$4,998
Peer Average	\$6,254	\$6,222	\$5,789
Percent Difference	17%	16%	16%

Bachelor's degree programs (\$92 million)

For undergraduate programs, the recommendation is based on funding levels at the comprehensive institutions. The average state appropriation to the comprehensive institution for 2004-05 is \$5,434 per FTE enrollment. Increasing this amount by 16 percent to reflect the higher appropriations at peer institutions results in a funding level of \$6,303 per student.

Graduate degree programs (\$59.0 million)

For graduate programs, a weighted average is used for current state expenditures at the research and comprehensive institutions. This weighted average was increased by an amount equal to the average per-student funding gap between the UW and WSU and their respective peer institutions. The average amount of \$15,000 per graduate FTE enrollment was used in this recommendation.

Community and technical college programs (\$84.8 million)

Citing an analysis performed by the HECB for the 2003-05 biennial operating budget request, the SBCTC has requested that new community and technical college enrollments be funded at an average of \$5,650 per FTE enrollment. This amount is based on the average level governmental spending per student at community colleges in the western states.

Faculty and staff salaries (\$240 million)

As is done with funding per student, comparisons are made with peer institutions regarding faculty salaries. Average faculty salaries at the peer institutions are 3 percent to 18 percent higher than at Washington institutions.

**2003-04 Faculty Salaries
Washington Institutions Compared to Their Peers**

	UW- Seattle	WSU-All Campuses	CWU	EWU	TESC	WWU
Professors						
Average Salary	\$93,181	\$80,022	\$64,470	\$62,596	\$57,686	\$67,700
Peer Average (Mean)	\$101,797	\$94,907	\$75,770	\$75,770	\$75,770	\$75,770
Percent Difference	9%	19%	18%	21%	31%	12%
Associate Professors						
Average Salary	\$66,717	\$60,327	\$52,472	\$51,232	\$44,418	\$53,651
Peer Average (Mean)	\$69,276	\$67,331	\$59,923	\$59,923	\$59,923	\$59,923
Percent Difference	4%	12%	14%	17%	35%	12%
Assistant Professors						
Average Salary	\$63,231	\$55,011	\$44,195	\$46,109	\$39,701	\$46,564
Peer Average (Mean)	\$59,598	\$58,146	\$49,955	\$49,955	\$49,955	\$49,955
Percent Difference	-6%	6%	13%	8%	26%	7%
All Professors (3 Ranks Combined)						
Average Salary	\$79,894	\$65,974	\$54,607	\$54,745	\$54,995	\$57,224
Peer Average (Mean)	\$82,453	\$77,810	\$62,158	\$62,158	\$62,158	\$62,158
Percent Difference	3%	18%	14%	14%	13%	9%

Cost-of-living adjustment (\$97.0 million)

The salary recommendation has two steps. The first is to provide all staff with a cost-of-living adjustment equal to what unionized staff have negotiated with the institutions and the state. This would be 3.2 percent in the first year of the biennium and 1.6 percent in the second year. The estimated cost for the biennium is \$97 million.

Additional salary increase for faculty and exempt staff (\$143 million)

The HECB fiscal committee recommends additional funding to provide the equivalent of annual salary increases of 5 percent for faculty and exempt staff at the two-year and four-year colleges and universities in an attempt to bring salaries in Washington closer to the average of the peer institutions.

Program enhancements (\$80 million)

In addition to increasing faculty salaries to bring funding levels in Washington more in line with funding levels at similar institutions in other states, there are other programmatic needs. This funding pool is designed cover non-salary enhancements that will improve the quality of the institutions.

- **Increasing enrollments in high-demand fields (\$30 million)**

The strategic master plan and the agency's budget request included specific funding for increased high-demand enrollments at the two-year and four-year institutions. The 2005-07 biennium request is for \$30 million.

Funding for competitive grants to the public baccalaureate institutions and community and technical colleges complements general enrollment funding that is appropriated directly to the institutions. The funds requested will support high-demand enrollments at an average of \$11,000 per FTE at the four-year institutions and at an average of \$5,650 per FTE in the two-year system. Enrollments funded through this program will respond to the economic development needs of the state and its regions by increasing the number of highly skilled students who earn degrees or certificates in key occupational fields, such as biotechnology and health care.

The evolution of Washington's economy from one based on manufacturing to one that rewards knowledge, skills, and education has been well documented. However, state higher education funding to help Washington residents benefit from growth in knowledge-intensive, high-income sectors has been stagnant at best. Inflation-adjusted per-student funding for the state's colleges and universities has steadily eroded since the early 1990s.

In this environment, it is critical for the state to align its limited resources for public higher education with the needs of the economy. Traditional liberal arts education must remain a core component feature of the state's higher education system because the skills it imparts are central to business and career success. However, the state also must respond to student and employer demands in fields where current or projected job creation outpaces the capacity of the higher education system to produce trained graduates. This means targeting new funds and program development efforts to health care, biotechnology, and other fields that address statewide and regional opportunities and priorities.

High-demand programs have two primary elements: (1) instructional programs or fields in which student enrollment applications exceed available slots and (2) career fields in which employers are unable to find enough skilled graduates to fill available jobs. This definition recognizes both excess student demand for a program and high societal need for graduates in given fields. Satisfying both elements is critical. Fulfilling student demand without subsequent placement with employers will quickly lead to flooding the job market with unemployed graduates. Expanding programs because of employer demand without a queue of students will lead to unused capacity. Plus, a shortage of workers is not necessarily the result of limited

instructional capacity but could be symptomatic of the working conditions and/or wages in the occupation – problems that need to be addressed by other means.

High Demand Funding Proposal and Outcomes

Dollars in Millions

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Grants to HECB, SBCTC and/or institutions	\$10	\$20	\$10	\$20	\$10	\$20
"Carryforward" appropriations to institutions and/or SBCTC			\$20	\$20	\$40	\$40
Total GF-S	\$10	\$20	\$30	\$40	\$50	\$60
Biennial Total		\$30		\$70		\$110
Average state cost per FTE	\$10,000					
FTEs in high-demand programs	1,000	2,000	3,000	4,000	5,000	6,000
Completers		600	900	1,200	1,500	1,800

- **Keeping tuition affordable and predictable**

Tuition and fees should not increase by more than 31 percent during any consecutive four-year period (average increases of 7 percent compounded). Annual tuition increases should be spread as evenly as possible over this four-year period and no annual increase should exceed 10 percent.

- **Expanding student financial aid (\$160 million)**

The strategic master plan and the agency's budget request included expansion of several financial aid programs to attain the board's long-term financial aid goals and also the creation of a new pilot program to aid adults who attend college part-time while working full-time. The cost estimates for these program improvements have been developed assuming tuition increases of 7 percent per year during the 2005-07 biennium.

State Need Grant (\$125.8 million)

The board's goal is to extend a State Need Grant (SNG) to all students whose family incomes are no more than 65 percent of the state's median income, with grants equal to the full value of public sector tuition.

By removing the cost of tuition as a barrier to access, grants will go to the state's lowest-income students – meeting the full cost of tuition at public institutions; allowing students to enroll and persist in college; and improving their likelihood of earning degrees.

Service would be provided to about 66,200 students, representing an increase of about 12,100 over the current service level. About 54,100 students received tuition based SNG awards in 2003-04.

The State Need Grant is Washington's primary student aid program for low-income students. It helps resident students afford to go to Washington's public and independent colleges and universities, as well as private vocational schools. The board partners with the institutions of higher education to deliver the SNG program in a manner that minimizes administrative costs and delivers maximum benefit to students and the state.

The HECB's primary policy goals for the program are to serve students whose family incomes are no greater than 65 percent of the state's median family income (MFI), with grants equal to the full value of public sector tuition and fees. Currently, the effective service level is at 55 percent MFI. This is equal to annual income of about \$36,500 per year for a family of four. At 65 percent, the annual income cutoff for a family of four would be about \$43,000.

State Work Study – maintain purchasing power (\$9.2 million)

Washington has done more than any other state to make work opportunities a part of how financially needy students meet college costs. The State Work Study program (SWS) is the state's investment in "self-help" for low- and middle-income families and provides a significant alternative to student borrowing. This proposal would maintain State Work Study's purchasing power, based on a model that estimates the influence of increased college costs while maintaining the number of students served at nearly 9,500 students and serving new enrollments in the same proportion as the current SWS program.

The SWS program provides financially needy students from low- and middle-income families with the opportunity to work in fields related to their academic and vocational interests. It pairs students with businesses willing to employ and pay the students while receiving a partial reimbursement for the instruction, training, and supervision they provide.

State Work Study – opportunities in high-demand fields (\$600,000)

Employers frequently report that practical experience is a critical element to success in high-demand fields. The funds requested would be available to needy State Work Study students who enroll or seek to enroll in high-demand academic and training programs. This proposal would enable colleges to help students find part-time work placements that respond to local and statewide high-demand priorities and would enable students to affirm their interests in these fields earlier in their college careers – which has been found to increase student persistence. The funds would be used to reimburse employers for a portion of the wages paid to student employees.

The requested funds would be administered in a competitive manner among participating colleges and universities proposing student employment efforts to connect students enrolled or

interested in enrolling in high-demand fields with relevant student employment opportunities. The request should assist approximately 90 students in FY 2006 and 180 in FY 2007.

Educational Opportunity Grant (\$1.5 million)

Washington state ranks 33rd in the nation in the number of baccalaureate degrees earned per 1,000 residents in the 20-29 age group. An investment in EOG-eligible community college transfer students is an efficient way to increase the number of placebound Washington students who earn bachelor's degrees. This proposal directly supports the HECB master plan goal to increase the number of baccalaureate graduates by increasing the number of EOG recipients, by 50 percent, over the next two years. This equates to serving 300 more students by the end of the 2005-07 biennium.

The state has made significant investments to create opportunities for its residents to complete two-year degrees through its funding of a robust community college system. The EOG program was created as one way for the state to capitalize on this investment by giving these financially needy "placebound" students an incentive to complete a four-year degree. The incentive would take the form of a \$2,500 grant that would be designed to reduce student borrowing and would be renewable for one more year. "Placebound" students are understood to be those students with family, medical, employment, or financial barriers to overcome and are often understood to be older "non-traditional" students.

Washington Scholars (\$630,000)

The purpose of the Washington Scholars program is to recognize and honor the accomplishments of outstanding high school seniors. The program is intended to stimulate the recruitment of outstanding students to Washington public and private colleges and universities by providing a financial incentive for Washington's best and brightest students to go to college in Washington. The financial incentive is a scholarship worth the value of tuition and fees at any of the state's public colleges and universities and up to the value of research institution tuition and fees, if the recipient attends a private four-year college. It can be received for up to four academic years.

This proposal maintains the purchasing power of the Washington Scholars program. Funding increases for Washington Scholars are linked to tuition and fee increases. As tuition increases, so should the scholarship, on a dollar-for-dollar basis.

Washington Award for Vocational Excellence (\$39,000)

The Washington Award for Vocational Excellence (WAVE) is the state's merit-based award for outstanding vocational student achievement. The Workforce Education and Training Coordinating Board administers the program. The HECB is the fiscal agent for the program. Both boards recommend the scholarship be fully funded.

This proposal maintains the purchasing power of the program. Funding increases for the WAVE are linked to tuition and fee increases. This proposal assumes a 7 percent per year increase in tuition. As tuition increases, so should the scholarship, on a dollar-for-dollar basis.

Washington Promise Scholarship (\$20.4 million)

Funds are requested to increase the amount of each Promise Scholarship to the value of community college tuition and fees. Consistent funding and predictable awards will improve the linkage between the K-12 system and higher education by motivating students in middle and high school to study hard and prepare for college. The effectiveness of the program to motivate student performance is dependent on both the predictability and value of the monetary award.

The Promise Scholarship program is intended to be a commitment to K-12 students from low- and middle-income families – that if they meet certain academic and other requirements, the state will help pay for their college costs. To be eligible, a student must graduate in the top 15 percent of his or her high school class, meet an income cutoff of 135 percent of the state's median family income (for 2004-05, that equals about \$89,900 for a family of four), and attend an accredited college in the state of Washington. Students may also meet the academic criteria by scoring 1,200 or better on the Scholastic Aptitude Test I (SAT), or 27 or better on the ACT.

The program provides a two-year grant for outstanding graduating high school students. The program has operated since FY 2000. In FY 2004, about 7,000 students received awards and an estimated 7,500 students will receive awards in FY 2005. In the 2005-07 biennium, the number of recipients is expected to grow to about 7,625.

The maximum grant award authorized by statute is equal to community and technical college tuition and fees. The actual grant award is a prorated amount dependent upon the number of enrolled students and the available appropriation. For 2004-05, the award is equal to slightly more than 51 percent of community college tuition.

Funding for the program as a percentage of two-year college tuition has been inconsistent and compromises the ability of the program to act as a positive influence to encourage superior academic performance in high school. The opportunity presented by this proposal is to raise the grant amount to the full value of community and technical college tuition, thereby greatly improving the predictability that there will be a significant award for high academic achievement.

Pilot financial aid project for low-income full-time workers (\$2 million)

Financial aid for full-time workers to pursue part-time education will enable more workers to gain valuable skills, thereby improving the quality of Washington's workforce. In 2000, some 953,000 Washington residents over 25 years old had a high school diploma, but no additional post-secondary education. Many of these workers do not have enough income to pay for part-time courses. Because they are working full-time, they do not usually have time to take the

minimum six credits currently required to qualify for financial aid. A pilot program would allow the state to serve this population, assess demand, and evaluate its impact.

The Washington financial aid community, state higher education agencies, and representatives from employers and labor would collaboratively design a pilot grant program for select institutions or regions within the following general criteria:

- **Eligibility.** The program would be for low-income workers who have dependents and who work at least 35 hours per week. Recipients would have to demonstrate financial need according to the federal methodology used for other state financial aid programs.
- **Enrollment.** Recipients would qualify if attending a college for five credits or less. (Students enrolled for six or more credits are already eligible for federal, state, and institutional aid.)
- **Grant amount.** Total grant assistance would equal the cost of tuition and required fees at a public institution, plus an allowance for books and supplies. Recipients could use the grant at private institutions, but the grant amount would be linked to public tuition and fees.

- **Helping transfer students earn bachelor's degrees (\$1.6 million)**

The board's strategic master plan and the agency's budget request include a proposal to develop a statewide course equivalency system that would help students learn which two-year college courses they should take for specific majors at each four-year college and university.

A statewide advising system would help improve transfer efficiency. It would include a single Web site where students can enter a course taken at any college and determine its equivalent at any other college in the state. Students would also have the ability to send their transcripts electronically and have them evaluated for applicability toward a specific degree.

House Bill 2382, enacted in 2004, identified a need for improved efficiency in student transfer. The legislation directed the HECB to establish a work group to assist it in creating a statewide course equivalency system. The board is scheduled to make a progress report in January 2005 and the cost estimate for the equivalency system may be revised at that time.

- **Measuring student success with an improved data system (\$0.5 million)**

The strategic master plan and the agency's budget request include a proposal to develop a student-focused data system to evaluate progress toward state goals and to identify and eliminate barriers to student success. In addition, House Bill 3103, enacted in 2004, directs the HECB to make policy decisions based on objective data analysis and to assemble an advisory group to determine data needs and cost-effective methods for accessing data. The HECB's goal is to create a data warehouse similar to one managed by the two-year college system, with student-level data for analysis and eventual linking with other data sources.

- **Research (\$100 million)**

The University of Washington and Washington State University have made a joint proposal for new and expanded research initiatives. Their proposal would cost \$20.5 million in the 2005-07 biennium. The joint proposal has three basic elements:

(1) Research initiatives:

- University of Washington
 - Support the development of expertise in selected research areas that has the potential to benefit the state. These areas include nanotechnology, photonics and opto-electronic, cyber-science and data mining, proteomics, integrative environmental research, global human health, and large science projects.
 - Provide optional support (operations and maintenance) for research facilities.
- Washington State University
 - The university proposes to develop and use new technologies for health and job creation by investing in several targeted areas, including biomedical genomic sciences, health-related bioproducts, infectious diseases and pests, and sustainable food systems.

(2) Coordinated Technology Transfer: The proposal also would support coordinated UW Tech Transfer (formerly the Office of Intellectual Property and Technology Transfer) and WSU Office of Research Activities to enhance the transfer of university-based discoveries to benefit the state's economy.

(3) Joint Project: Policy Consensus Center: The proposal would permanently fund a jointly sponsored UW/WSU Policy Consensus Center.

In addition, the HECB believes that an additional \$80 million should be made available for future research proposals in the 2005-07 and ensuing biennia.

HECB Fiscal Committee: 2005-07 Higher Education Operating Budget Recommendations



October 21, 2004

W A S H I N G T O N
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C O O R D I N A T I N G B O A R D

Presentation overview

I. Introduction

- State law
- Strategic Master Plan

II. Current Conditions

- Enrollments
- Funding per students
- Faculty salaries

III. Fiscal Committee Recommendations

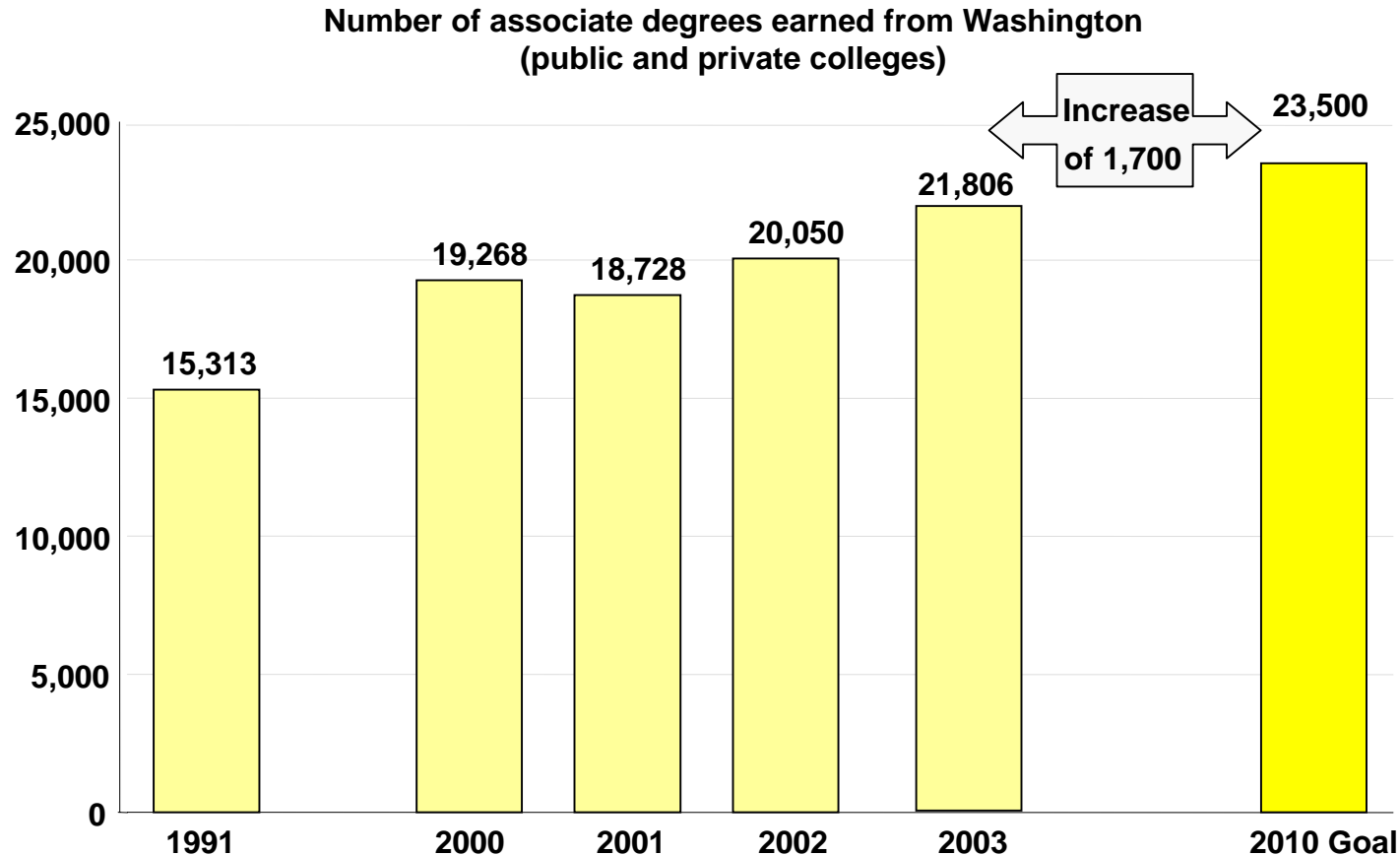
I. Introduction

- The HECB is directed by statute to make recommendations for the 2005-07 biennium higher education operating and capital budgets
- The recommendations are to be based on:
 - The board's budget priorities,
 - The missions of the institutions, and
 - The 2004 Strategic Master Plan

Goals of the 2004 master plan

- **Increase degrees earned by students each year**
 - 1,700 more associate degrees each year (to reach 23,500 per year by 2010)
 - 4,000 more bachelor's degrees (30,000 by 2010)
 - 1,300 graduate/professional degrees (11,500 by 2010)
- **Greater economic responsiveness**
 - Increase by 300 per year the number of students receiving degrees in high-demand fields (will result in 1,500 per year after five years)
 - Increase job training completions by 18%, to reach 25,000 per year
 - Increase adult literacy by increasing 19% the number of adult basic education students who increase literacy skills

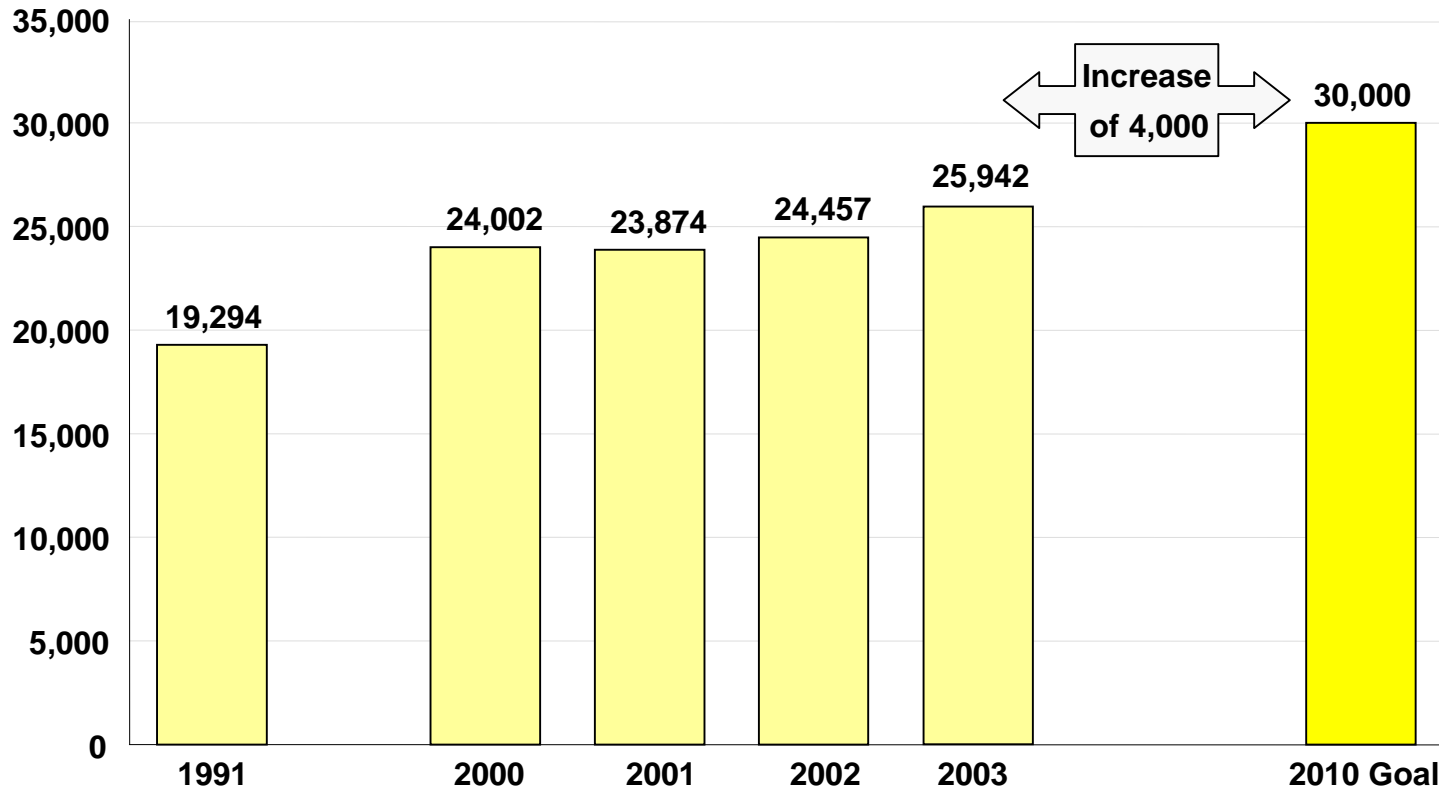
The board's goal is for students in Washington's higher education system to earn 23,500 associate degrees per year



Source: IPEDS; goal is based on increasing degrees earned from 15.6 to 17.0 per 1,000 residents aged 20-34, and the number of residents aged 20-34 increasing by 10 percent.

And for students to earn 30,000 bachelor's degrees per year

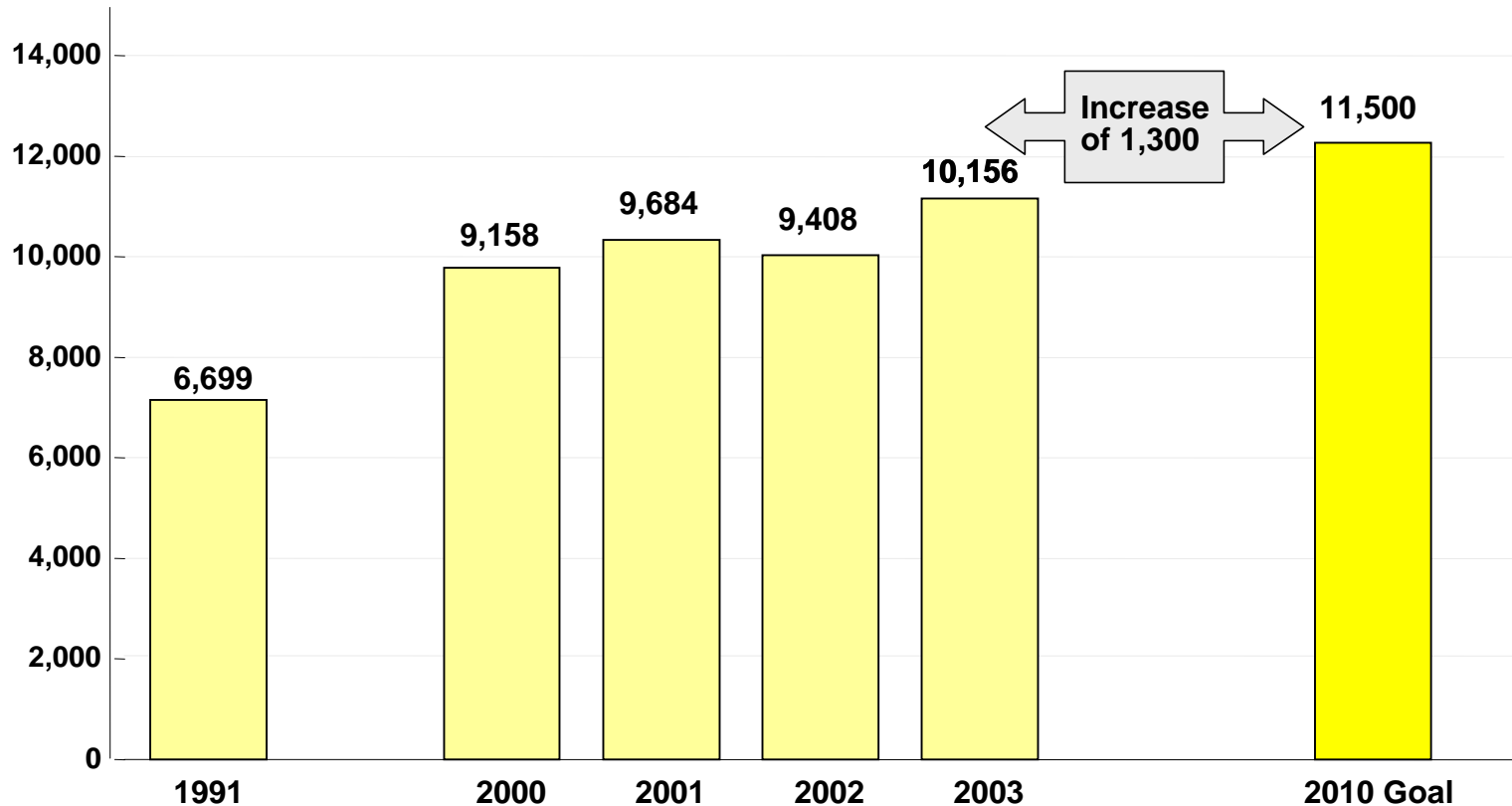
Number of bachelor's degrees earned from Washington
(public and private institutions)



Source: IPEDS; goal based on increasing degrees earned from 30.2 to 32.3 per 1,000 residents aged 20-29 and the number of residents aged 20-29 increasing by 18 percent.

And for students to earn 11,500 graduate degrees – master's, doctoral and professional – per year

Number of graduate degrees earned in Washington
(public and private institutions)

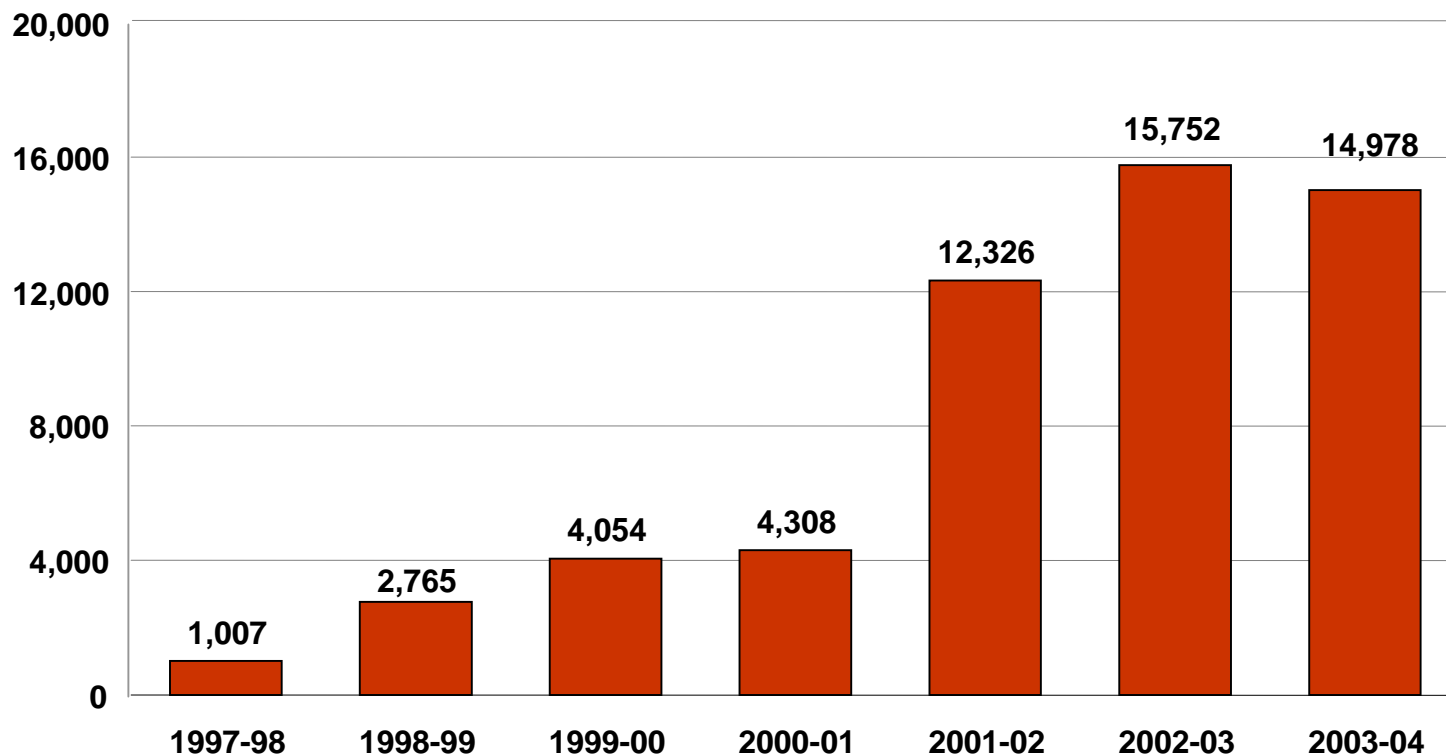


II. Current conditions

- Funding has not kept pace with growth in the college-going population
 - Over-enrollment at public colleges and universities has tripled since 2000-01
 - State funding per student has declined over the years
 - Funding per student is well below that of similar institutions in other states
 - Faculty salaries are less than salaries at similar institutions in other states

“Over-enrollments” have tripled since 2000-01 at Washington’s public colleges and universities

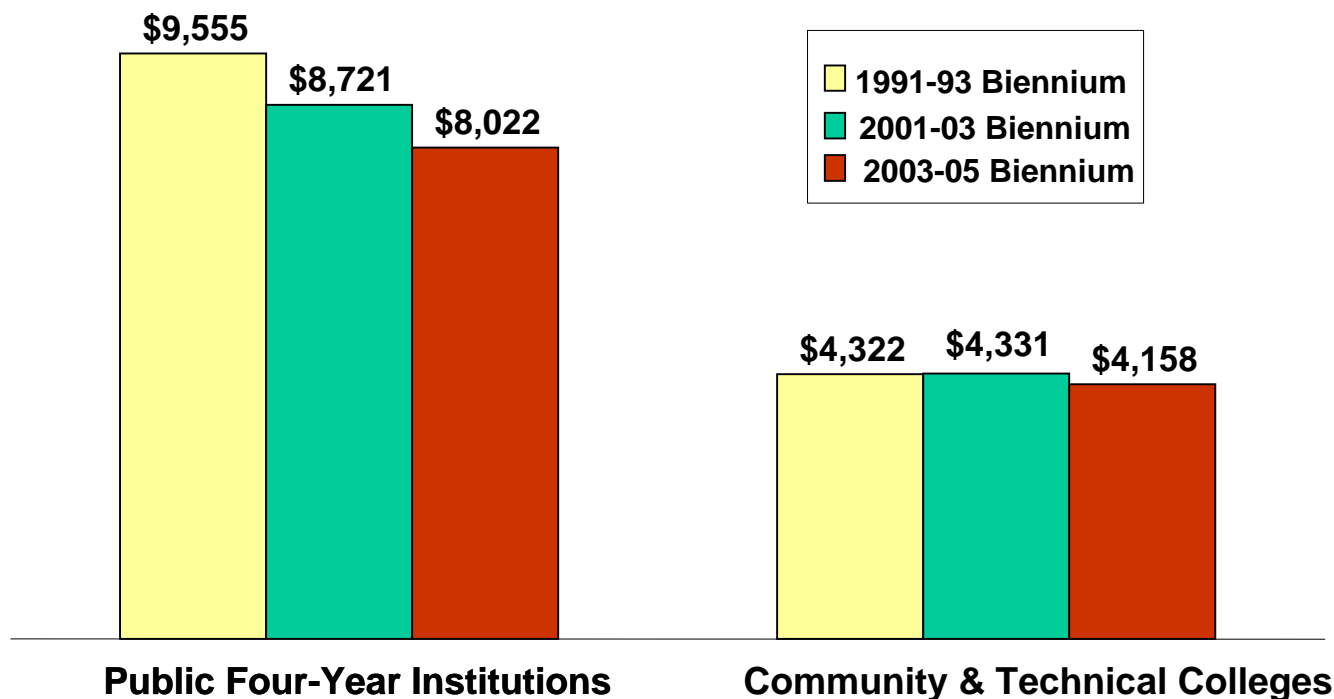
Actual FTE enrollment compared to budgeted levels at public colleges and universities



In 2003-04, the state budgeted for 213,338 enrollments and the institutions enrolled 228,316 full-time equivalent students.

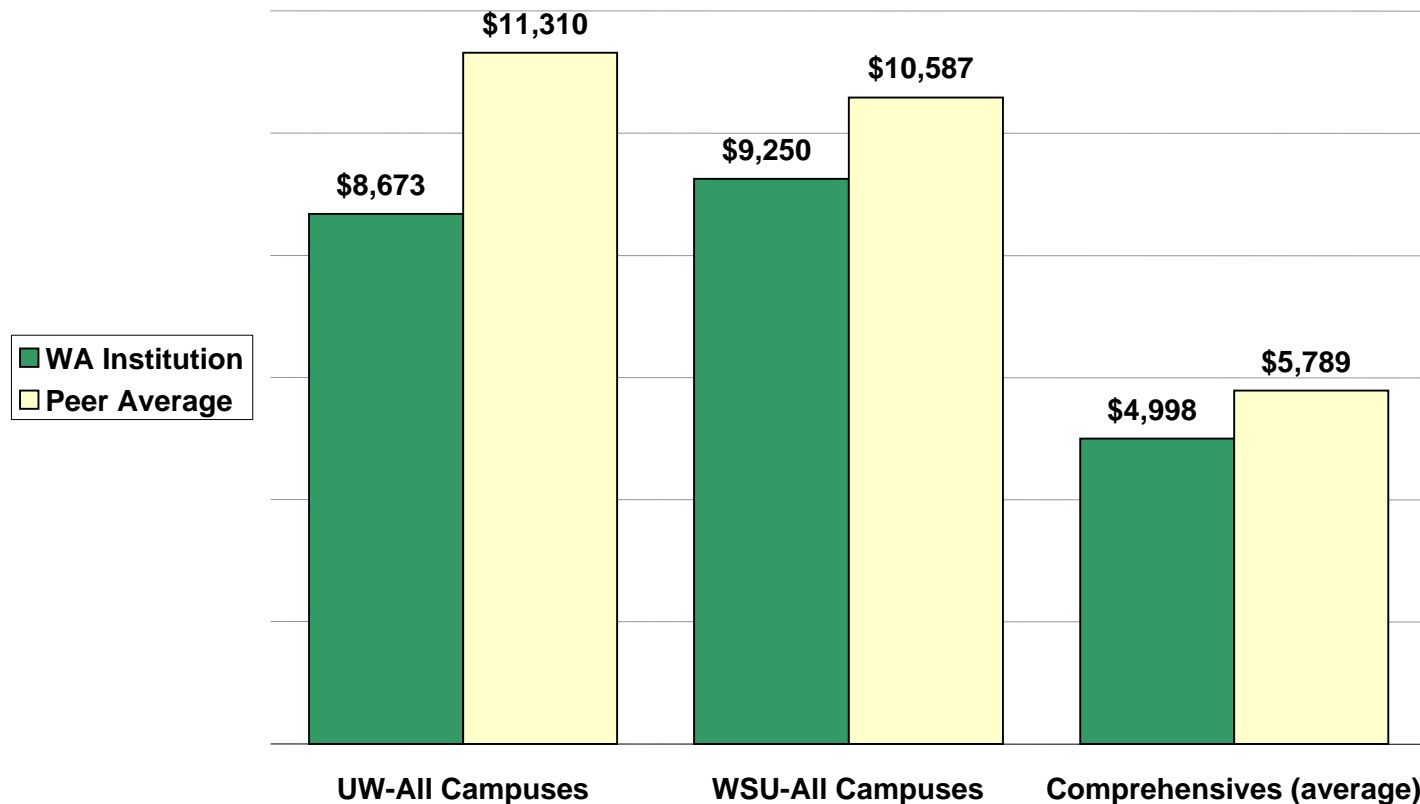
State support per higher education student has declined since the early 1990s and continues to erode in the 2003-05 operating budget

State general fund appropriations per budgeted FTE student
Adjusted for inflation (FY 2005 dollars)

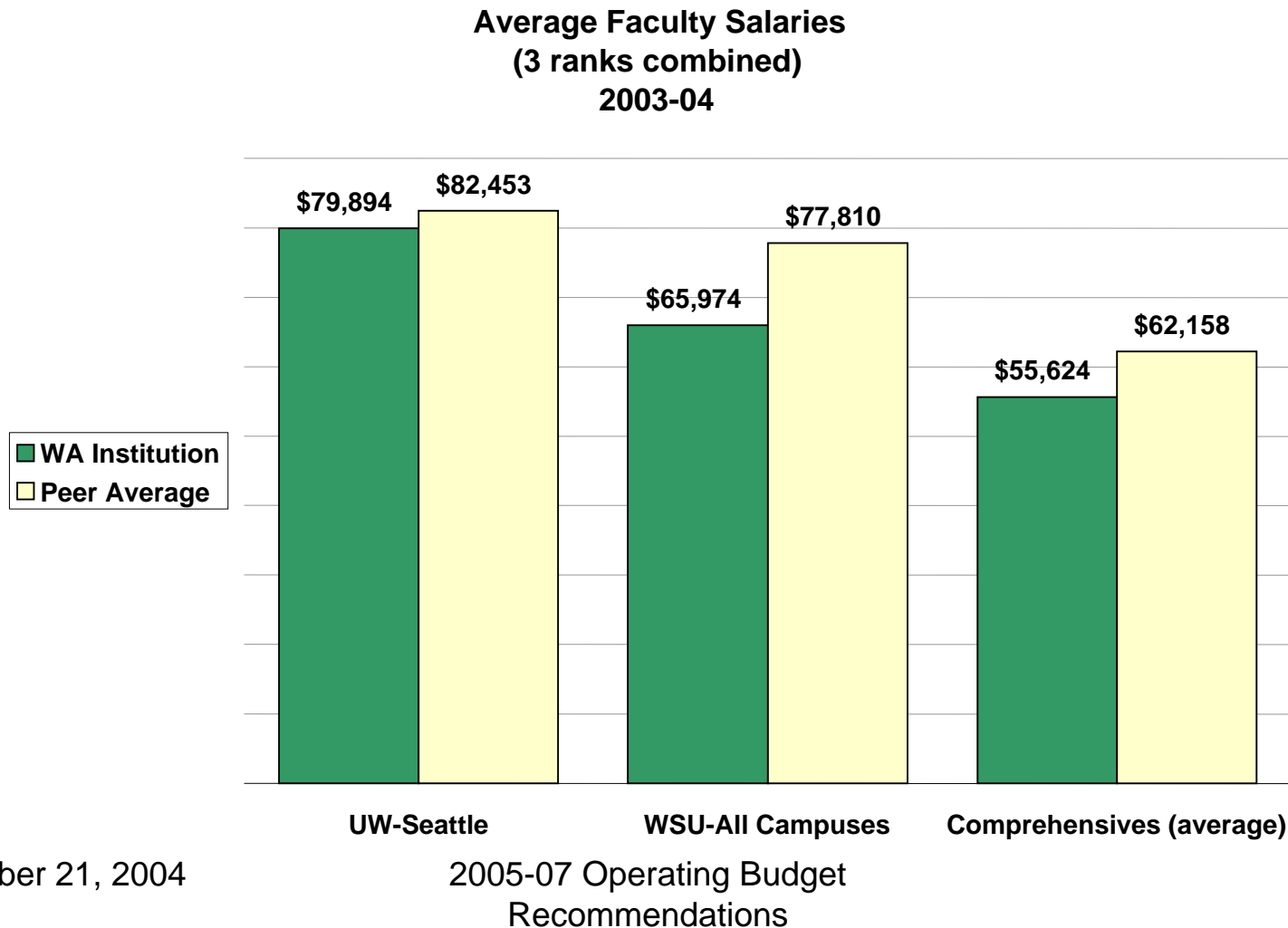


State and local government funding per student in Washington is less than at comparable institutions in other states

State and Local Government Appropriations per FTE Student
FY 2003



Average faculty salaries are lower in Washington than at comparable institutions in other states



III. Fiscal Committee operating budget recommendations

- Aimed at meeting the board's goals and policy strategies as identified in the 2004 strategic master plan
- Identifies the need for new funding in higher education
- Represents an \$848 million increase over the 2003-05 biennium

HECB Fiscal Committee Proposal: 2005-07 higher education budget recommendation

- New enrollments to support goal of increased degrees** **\$235.8**
 - 10,000 FTE at two-year colleges for associate degrees, job training and basic skills/literacy (\$5,650 per FTE) – \$84.8 million
 - 8,000 FTE at four-year institutions to increase bachelor's degrees (\$6,303 per FTE) – \$92 million
 - 2,100 graduate enrollments (\$15,000 per FTE) – \$59 million

- Faculty salaries** **\$240.0**
 - COLAs for all faculty and staff (3.2% and 1.6%) – \$97 million
 - Additional increase for faculty and staff to close gap with peers by 5% per year – \$143 million

- Program improvements** **\$80.0**
 - Reduce per-student funding gap with peer institutions

HECB Fiscal Committee Proposal: 2005-07 budget recommendation (continued)

- **Increasing enrollments in high-demand fields** **\$ 30.0**
- **Expanding student financial aid** **\$160.0**
- **Helping transfer students earn bachelor's degrees** **\$ 1.6**
- **Improved data system to measure student success** **\$ 0.5**
- **Expanded state-funded research** **\$100.0**

Total increase

\$847.9 million

Allocating Student Enrollments

- **Public sector enrollments to meet degree and performance goals**
 - Enrollments are tied to degree goals
 - Funding is tied to level at peer institutions
 - Total cost is \$236 million
- **Faculty salaries and program improvements**
 - COLA tied to union negotiations with state and institutions
 - Additional faculty salary improvements tied to peers
 - Additional improvements needed to make headway against peer funding levels
 - Total cost is \$320 million

Increasing enrollments in high-demand fields

- The proposal is to add \$10 million per year to funding high-demand field enrollments and completions (\$30 million in 2005-07)
- High-demand fields are those where (a) student demand exceeds available slots and (b) employers are unable to fill job openings
- Annual completions from this program are expected to exceed 1,500 per year by 2010

Expanding student financial aid

- **Increase awards to statutory maximum:**
 - State Need Grant: 100% of tuition, 65% MFI
 - Promise Scholarship: 100% of CTC tuition
- **Maintain the purchasing power of other awards**
- **Expand work-study opportunities for students pursuing high-demand degrees**
- **Increase funding for EOG to promote increased completion of bachelor's degrees**
- **Develop new pilot program to aid working adults**
- **Total additional 2005-07 cost of \$160 million**

Research

- University conducted research is vitally important to Washington's economic development
- The UW and WSU have proposed a \$20 million joint research project
- In addition another \$80 million should be provided for research projects

Data systems

- Helping students transfer (\$1.6 million)
 - Statewide course equivalency system
 - Single Web site to learn how courses taken at a community college will transfer to a baccalaureate institution
- Measuring student success (\$0.5 million)
 - The HECB proposal to develop a student-focused data system will enable the state to better track student success and measure progress toward statewide goals

Affordable and predictable tuition

- **Limited tuition increases**
 - Average annual increases of 7% per year (no more than 31% over four-year period)
 - Maximum annual increases of 10%

Funding for student success

- The present state funding system recognizes enrollment but does not reward institutions that demonstrate positive outcomes for students
- In 2005-07:
 - Lay groundwork to support change in funding mechanism
 - The proposed funding recommendations do link enrollments (inputs) with degree goals (outcomes)

W A S H I N G T O N
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October 2004

2005–2007 Capital Budget Recommendations

Policy Context – A New Approach

In adopting the 2003-2005 capital budget, the legislature enacted two laws that have had a significant influence on how the state responds to the future capital budget needs of the higher education system:

- ESSB 5908: Building Washington’s Future Act
- ESHB 2151: Prioritization of Higher Education Capital Project Requests

ESSB 5908: Building Washington’s Future Act

The legislature enacted Engrossed Substitute Senate Bill 5908, the “Building Washington’s Future Act” in response to the Gardner-Evans “Higher Education Leadership Project” (HELP) proposal. The legislation authorizes the State Finance Committee to issue, subject to legislative appropriation, approximately \$750 million in general obligation bonds over three biennia, beginning in 2003-2005, to provide additional capital funding for higher education.

In adopting ESSB 5908, the legislature established a clear intent for the additional capital funding:

“(the) new source of funding not displace funding levels for the capital and operating budgets of the institutions of higher education. It is instead intended that the new funding will allow the institutions, over the next three biennia, to use the current level of capital funding to provide for many of those urgent preservation, replacement, and maintenance needs that have been deferred. This approach is designed to maintain or improve the current infrastructure of our institutions of higher education, and simultaneously to provide new instruction and research capacity... This new source of funding may also be used for major preservation projects that renovate, replace, or modernize facilities to enhance capacity/access by maintaining or improving the usefulness of existing space for important instruction and research programs.”¹

¹ Engrossed Substitute Senate Bill 5908.

ESHB 2151: Prioritization of Higher Education Capital Project Requests

Engrossed Substitute House Bill 2151 recognized that clear priorities for capital project expenditures would be needed to support significant future investments in higher education facilities.

In adopting ESHB 2151, the legislature stated that:

“... a capital investment in higher education facilities is needed over the next several biennia to adequately preserve, modernize, and expand the capacity of the state's public two-year and four-year colleges and universities. This investment is needed to responsibly preserve and restore existing facilities and to provide additional space for new students. Further, the legislature finds that capital appropriations will need to respond to each of these areas of need in a planned, balanced, and prioritized manner so that access to a quality system of higher education is ensured.

It is the intent of the legislature that a methodology be developed that will guide capital appropriation decisions by rating and individually ranking, in sequential, priority order, all major capital projects proposed by the two-year and four-year public universities and colleges. Further, it is the intent of the legislature that this rating, ranking, and prioritization of capital needs will reflect the state's higher education policies and goals including the comprehensive master plan for higher education as submitted by the higher education coordinating board and as adopted by the legislature.”²

Specifically, ESHB 2151 did the following:

- **Directed the public four-year institutions**, beginning in the 2005-2007 biennium, to work with the Higher Education Coordinating Board (HECB) and the Council of Presidents (COP) to prepare a single prioritized individual ranking of institutional capital projects.
- **Directed the State Board for Community and Technical Colleges (SBCTC)** to continue to submit a single prioritized ranking of proposed community and technical college capital projects.
- **Directed the HECB** to develop criteria for the prioritization of these projects and include them in the board's 2005-2007 Capital Budget Guidelines.

² Engrossed Substitute House Bill 2151.

HECB's 2005-2007 Capital Budget Guidelines: Priorities, Framework, and Methodology

The HECB adopted its 2003-2005 capital budget guidelines and distributed them to the higher education institutions in December 2003. The guidelines call for the capital investments to support the goals and strategies of the board's Strategic Master Plan for Higher Education and outline the following priorities for capital projects:

- Are needed for life/safety or immediate repairs to facilities, systems, and infrastructure.
- Reduce the backlog of preservation, renewal, and replacement needs of higher education facilities, systems, and infrastructure.
- Improve the functionality and efficient use of academic spaces (instructional, research, support), which are essential to the role and mission of the institution.
- Provide additional capacity at community and technical colleges to alleviate critical space deficiencies and overcrowding.
- Allow for the completion of major new capacity projects at the comprehensive institutions and the continued development of the branch campuses and off-campus centers for higher education.
- Provide capacity for delivering high-demand programs.

These priorities are closely aligned to the priorities identified by the House Capital Budget Committee's 2002 Interim Work Group on Higher Education Capital Budget and Facilities.³

The work group identified the following priorities: (1) reduce the preservation backlog; (2) provide new space to increase access at the community and technical colleges; (3) fund renovations and replacements that are critical to preserving access to current instructional space or to the mission of the institution; and (4) address unique access and mission issues as high priorities for capital appropriations.

In addition to fiscal priorities, the guidelines also outlined a framework and methodology for the two-year and four-year institutions to use in preparing their prioritized lists of capital projects.

- **Two-year institutions:** The guidelines directed the SBCTC to use its existing process to evaluate, prioritize, and rank capital projects for the two-year institutions. This system has been in place for many years and is familiar to state policymakers.
- **Four-year institutions:** The board recognized that many considerations lead to the determination of the relative priority of a capital project. In addition to assessments of a facility's physical condition or estimates of space need, other considerations shape an institution's biennial capital budget request. These considerations include an institution's role and mission, long-term strategic plan, and areas of current program emphasis and priority.

³ The work group was chaired by Representative McIntire and included Representatives Esser, Kenney, and Cox. Additionally, members of the Senate Capital Budget Subcommittee and Senate Higher Education Committee participated on an ad-hoc basis. Work group participants included representatives of the HECB, the Office of Financial Management, the Council of Presidents, the public four- and two-year institutions, the State Board for Community and Technical Colleges, and staff of the Joint Legislative Audit and Review Committee.

Summary of the 2005-2007 Higher Education Capital Budget Request

Table I summarizes the higher education capital appropriations authorized for the 2003-2005 biennium and the capital funding level requested by the two-year and four-year institutions for the 2005-2007 biennium. The institutions are requesting a total of \$1.2 billion, including \$720.6 million for the four-year institutions and \$470.4 million for the community and technical colleges.

Appendix A displays the specific project requests of the community and technical colleges and the four-year institutions.

Table I
Summary of 2003-2005 Higher Education Capital Appropriations and
2005-2007 Capital Budget Request

	2003-2005 Capital Appropriations	2005-2007 Capital Budget Request
Higher Education		
State Funds	\$749,803,932	\$1,039,524,737
Local Capital Accounts	\$124,555,526	\$120,654,000
Other	\$0	\$30,800,506
Total	\$874,359,458	\$1,190,979,243
Four-Year Institutions		
State Funds	\$367,383,154	\$629,970,000
Local Capital Accounts	\$81,016,500	\$71,650,000
Other	\$0	\$19,000,000
Total	\$448,399,654	\$720,620,000
Community & Technical Colleges		
State Funds	\$382,420,778	\$409,554,737
Local Capital Accounts	\$43,539,026	\$49,004,000
Other	\$0	\$11,800,506
Total	\$425,959,804	\$470,359,243

HECB's 2005-2007 Capital Budget Recommendations

Table II summarizes the board's 2005-2007 capital budget recommendations. The board is recommending a total of \$1.04 billion, which includes \$586.7 million for the four-year institutions and \$450.2 million for the community and technical colleges.

The board's recommendation is based on the following revenue goals and assumptions:

- Higher education will receive nearly one-half of all new general state bonds authorized in the 2005-2007 biennium;
- One-half of the remaining balance of the Gardner-Evans Bonds will be authorized; and
- \$53 million from the Education Construction Fund will be appropriated for higher education capital projects.

These revenue goals and assumptions provide the ability to fund the most critically needed projects of both the four-year institutions and the community and technical colleges. The board believes that the prioritized projects of the two-year and four-year institutions are consistent with its priorities for capital spending and reflect careful and thoughtful decisions at the institutional level.

Appendix A displays the board's recommended funding for specific projects.

Table II
Summary of HECB Capital Budget Recommendations

	Amount	% of Request
Four-Year Institutions		
General State Bonds	\$341,420,297	
Gardner-Evans Bonds	\$116,325,046	
Education Construction Fund ¹	\$26,500,000	
Local Capital Accounts	\$90,650,000	
Transportation Budget	\$11,800,506	
Total	\$586,695,849	81%
Community & Technical Colleges		
General State Bonds	\$246,579,197	
Gardner-Evans Bonds	\$116,325,046	
Education Construction Fund ¹	\$26,500,000	
Local Capital Accounts	\$49,004,000	
Transportation Budget	\$11,800,506	
Total	\$450,208,749	96%
Total Higher Education		
General State Bonds	\$587,999,494	
Gardner-Evans Bonds	\$232,650,092	
Education Construction Fund ¹	\$53,000,000	
Local Capital Accounts	\$139,654,000	
Transportation Budget	\$23,601,012	
Total	\$1,036,904,598	87%

¹Assumes these funds will solely be used for capital projects.

**Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations**

Priority	Institution	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
1	UW	Minor Works - Preservation "A" (State)	\$42,000,000	\$42,000,000	\$39,717,573	\$39,717,573
1	WSU	Minor Works - Preservation "A" (State)	\$36,000,000	\$78,000,000	\$34,043,634	\$73,761,207
1	CWU	Minor Works - Preservation "A" (State)	\$9,000,000	\$87,000,000	\$8,510,909	\$82,272,116
1	EWU	Minor Works - Preservation "A" (State)	\$18,700,000	\$105,700,000	\$17,683,777	\$99,955,892
1	WWU	Minor Works - Preservation "A" (State)	\$10,000,000	\$115,700,000	\$9,456,565	\$109,412,457
1	TESC	Minor Works - Preservation "A" (State)	\$2,700,000	\$118,400,000	\$2,553,273	\$111,965,730
2	UW	Minor Works - Program "A" (State)	\$5,000,000	\$123,400,000	\$4,728,283	\$116,694,012
2	WSU	Minor Works - Program "A" (State)	\$10,000,000	\$133,400,000	\$9,456,565	\$126,150,577
2	CWU	Minor Works - Program "A" (State)	\$0	\$133,400,000	\$0	\$126,150,577
2	EWU	Minor Works - Program "A" (State)	\$7,000,000	\$140,400,000	\$6,619,596	\$132,770,173
2	WWU	Minor Works - Program "A" (State)	\$2,000,000	\$142,400,000	\$1,891,313	\$134,661,486
2	TESC	Minor Works - Program "A" (State)	\$3,600,000	\$146,000,000	\$3,404,363	\$138,065,849
3	TESC	Evans Building Phase II	\$22,300,000	\$168,300,000	\$22,300,000	\$160,365,849
4	WWU	Academic Instructional Center	\$51,500,000	\$219,800,000	\$51,500,000	\$211,865,849
5	WSU	Biotechnology Life Sciences Building	\$57,100,000	\$276,900,000	\$57,100,000	\$268,965,849
6	EWU	Restoration Phase I	\$7,000,000	\$283,900,000	\$7,000,000	\$275,965,849
7	CWU	Dean Hall	\$17,600,000	\$301,500,000	\$17,600,000	\$293,565,849
8	UW	Restoration Phase II	\$63,000,000	\$364,500,000	\$63,000,000	\$356,565,849
9	UW	UW Bothell Campus Capacity Expansion	\$14,000,000	\$378,500,000	\$14,000,000	\$370,565,849
10	UW	UW Tacoma Campus Capacity Expansion	\$13,000,000	\$391,500,000	\$13,000,000	\$383,565,849
11	WSU	Wastewater Reclamation	\$12,700,000	\$404,200,000	\$12,700,000	\$396,265,849
12	WSU	Tri-Cities Bioproducts	\$13,100,000	\$417,300,000	\$13,100,000	\$409,365,849
13	CWU	Hogue Design	\$3,000,000	\$420,300,000	\$3,000,000	\$412,365,849
14	UW	Computing & Communications Upgrades	\$20,000,000	\$440,300,000	\$20,000,000	\$432,365,849
15	WWU	Miller Hall Renovation	\$3,800,000	\$444,100,000	\$3,800,000	\$436,165,849
16	WSU	Biomedical Sciences	\$7,400,000	\$451,500,000	\$7,400,000	\$443,565,849
17	EWU	Patterson Hall	\$2,000,000	\$453,500,000	\$2,000,000	\$445,565,849
18	WWU	Carver Complex Renovation	\$380,000	\$453,880,000	\$380,000	\$445,945,849
19	CWU	Flight Technology	\$2,500,000	\$456,380,000	\$2,500,000	\$448,445,849
20	WSU	Spokane Riverpoint Nursing Center	\$31,600,000	\$487,980,000	\$31,600,000	\$480,045,849
21	WSU	Major Utility Upgrades	\$6,000,000	\$493,980,000	\$6,000,000	\$486,045,849

Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations
 (continued)

Priority	Institution	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
22	EWU	Campus Security System	\$2,000,000	\$495,980,000	\$2,000,000	\$488,045,849
23	WWU	College Hall Renovation	\$3,000,000	\$498,980,000	\$3,000,000	\$491,045,849
24	WWU	Wilson Library Renovation	\$300,000	\$499,280,000	\$300,000	\$491,345,849
25	WWU	Art Annex Renovation	\$4,700,000	\$503,980,000	\$4,700,000	\$496,045,849
26	All Institutions (Local)	Local Minor Preservation "A"	\$25,150,000	\$529,130,000	\$25,150,000	\$521,195,849
27	All Institutions (Local)	Local Minor Program "A"	\$46,500,000	\$575,630,000	\$46,500,000	\$567,695,849
28	Non-Appropriated	Local Minor Preservation "B"	\$19,000,000	\$594,630,000	\$19,000,000	\$586,695,849
29	All Institutions (Local)	Local Minor Program "B"	\$0	\$594,630,000	\$0	\$586,695,849
30	UW	Minor Works - Preservation "B" (State)	\$17,000,000	\$611,630,000	\$0	\$586,695,849
31	WSU	Minor Works - Preservation "B" (State)	\$17,000,000	\$628,630,000	\$0	\$586,695,849
32	CWU	Minor Works - Preservation "B" (State)	\$2,700,000	\$631,330,000	\$0	\$586,695,849
33	EWU	Minor Works - Preservation "B" (State)	\$0	\$631,330,000	\$0	\$586,695,849
34	WWU	Minor Works - Preservation "B" (State)	\$5,000,000	\$636,330,000	\$0	\$586,695,849
35	TESC	Minor Works - Preservation "B" (State)	\$2,650,000	\$638,980,000	\$0	\$586,695,849
36	UW	Minor Works - Program "B" (State)	\$0	\$638,980,000	\$0	\$586,695,849
37	WSU	Minor Works - Program "B" (State)	\$0	\$638,980,000	\$0	\$586,695,849
38	CWU	Minor Works - Program "B" (State)	\$2,750,000	\$641,730,000	\$0	\$586,695,849
39	EWU	Minor Works - Program "B" (State)	\$0	\$641,730,000	\$0	\$586,695,849
40	WWU	Minor Works - Program "B" (State)	\$3,000,000	\$644,730,000	\$0	\$586,695,849
41	TESC	Minor Works - Program "B" (State)	\$1,100,000	\$645,830,000	\$0	\$586,695,849
42	EWU	Washington Street Boulevard	\$7,000,000	\$652,830,000	\$0	\$586,695,849
43	UW	Classroom Improvements	\$4,000,000	\$656,830,000	\$0	\$586,695,849
44	WSU	Vancouver Student Services Center	\$10,600,000	\$667,430,000	\$0	\$586,695,849
45	WSU	Campus Support Facilities	\$9,200,000	\$676,630,000	\$0	\$586,695,849
46	CWU	Psychology Renovation	\$4,600,000	\$681,230,000	\$0	\$586,695,849
47	WWU	Campus Roadway Development	\$3,240,000	\$684,470,000	\$0	\$586,695,849
48	EWU	Campus Network	\$2,000,000	\$686,470,000	\$0	\$586,695,849
49	WSU	Hospital Renovation	\$9,700,000	\$696,170,000	\$0	\$586,695,849
50	CWU	Michaelson Renovation	\$4,900,000	\$701,070,000	\$0	\$586,695,849

Public Four-Year Institutions
2005-2007 HECB Capital Budget Recommendations
 (continued)

Priority	Institution	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
51	EWU	Campus Communication Center	\$2,000,000	\$703,070,000	\$0	\$586,695,849
52	CWU	Campus Chiller Replacement	\$2,000,000	\$705,070,000	\$0	\$586,695,849
53	CWU	Preservation Backlog	\$4,250,000	\$709,320,000	\$0	\$586,695,849
54	UW	New Academic Building	\$8,000,000	\$717,320,000	\$0	\$586,695,849
55	CWU	Renovate Old Hospital	\$3,300,000	\$720,620,000	\$0	\$586,695,849
Total			\$720,620,000		\$586,695,849	
State Funds			\$629,970,000		NA	
Local Funds			\$90,650,000		NA	
General State Bonds			NA		\$341,420,297	
Gardner-Evans Bonds			NA		\$116,325,046	
Education Construction Fund			NA		\$26,500,000	
Local Capital Accounts			NA		\$90,650,000	
Transportation Budget			NA		\$11,800,506	

**Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations**

Priority	College	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
1	Statewide	Emergency Repairs and Improvements	\$14,000,000	\$14,000,000	\$14,000,000	\$14,000,000
2	Grays Harbor	Ilwaco Education Center	\$350,000	\$14,350,000	\$350,000	\$14,350,000
3	Walla Walla	Clarkston Center	\$1,000,000	\$15,350,000	\$1,000,000	\$15,350,000
5	South Seattle	Landscape/Horticulture Building	\$557,000	\$15,907,000	\$557,000	\$15,907,000
6	Green River	Skills Support Center	\$800,000	\$16,707,000	\$800,000	\$16,707,000
7	Highline	Marine Science Pier Building Repair	\$500,000	\$17,207,000	\$500,000	\$17,207,000
8	Yakima	Center for Workforce Education - Grandview	\$1,000,000	\$18,207,000	\$1,000,000	\$18,207,000
9	Everett	Paine Field Technical Center	\$1,000,000	\$19,207,000	\$1,000,000	\$19,207,000
10	Columbia Basin	Diversity Initiative - Technology Complex	\$1,000,000	\$20,207,000	\$1,000,000	\$20,207,000
11	Seattle Central	Greenhouse/Educational Gardens	\$250,000	\$20,457,000	\$250,000	\$20,457,000
12	Olympic College	Bremer Student Center	\$600,000	\$21,057,000	\$600,000	\$21,057,000
13	Peninsula	Cultural Arts Center	\$250,000	\$21,307,000	\$250,000	\$21,307,000
14	Statewide	Roof Repairs	\$8,840,000	\$30,147,000	\$8,840,000	\$30,147,000
15	Statewide	Facility Repairs	\$22,327,000	\$52,474,000	\$22,327,000	\$52,474,000
16	Statewide	Site Repairs	\$3,837,000	\$56,311,000	\$3,837,000	\$56,311,000
17	Yakima	Classroom Building Replacement (C)	\$28,645,152	\$84,956,152	\$28,645,152	\$84,956,152
18	Peninsula	Science and Technology (C)	\$22,423,200	\$107,379,352	\$22,423,200	\$107,379,352
19	Skagit Valley	Science Replacement (D)	\$2,693,000	\$110,072,352	\$2,693,000	\$110,072,352
20	Lower Columbia	Performing Arts Replacement (C)	\$20,333,976	\$130,406,328	\$20,333,976	\$130,406,328
21	Renton	Replace Portables (D)	\$2,426,235	\$132,832,563	\$2,426,235	\$132,832,563
22	Centralia	Science Replacement (D)	\$3,247,000	\$136,079,563	\$3,247,000	\$136,079,563
23	Spokane Falls	Business and Social Science (C)	\$18,512,385	\$154,591,948	\$18,512,385	\$154,591,948
24	South Seattle	Duwamish Training Center (C)	\$9,272,283	\$163,864,231	\$9,272,283	\$163,864,231
25	Wenatchee	Allied Health and Classrooms (C)	\$23,042,145	\$186,906,376	\$23,042,145	\$186,906,376
26	Olympic College	Replace Humanities Building (D)	\$3,499,000	\$190,405,376	\$3,499,000	\$190,405,376
27	Green River	Humanities and Classroom Building (P)	\$137,000	\$190,542,376	\$137,000	\$190,542,376
28	Columbia Basin	Business Classrooms	\$4,037,000	\$194,579,376	\$4,037,000	\$194,579,376

Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations
 (continued)

Priority	College	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
29	Clark	Gaiser Hall Renovation	\$8,374,000	\$202,953,376	\$8,374,000	\$202,953,376
30	Grays Harbor	Vocational Labs	\$5,371,199	\$208,324,575	\$5,371,199	\$208,324,575
31	Seattle Central	Technology Labs/Classrooms	\$8,096,000	\$216,420,575	\$8,096,000	\$216,420,575
32	Peninsula	Library	\$14,000,000	\$230,420,575	\$14,000,000	\$230,420,575
33	South Seattle	Vocational Labs	\$1,972,300	\$232,392,875	\$1,972,300	\$232,392,875
34	Statewide	Minor Improvements - Program Related	\$20,002,598	\$252,395,473	\$20,002,598	\$252,395,473
35	Bates South	LRC/Vocational	\$15,169,058	\$267,564,531	\$15,169,058	\$267,564,531
36	Edmonds	Instructional Labs	\$14,490,832	\$282,055,363	\$14,490,832	\$282,055,363
37	Green River	Replace Science Building	\$27,407,344	\$309,462,707	\$27,407,344	\$309,462,707
38	Tacoma	Replace Science Building	\$29,517,238	\$338,979,945	\$29,517,238	\$338,979,945
39	Walla Walla	Laboratory Addition	\$6,569,000	\$345,548,945	\$6,569,000	\$345,548,945
40	Everett	Replace Glacier/Pilchuck	\$17,633,300	\$363,182,245	\$17,633,300	\$363,182,245
41	Clark	East County Satellite	\$2,392,000	\$365,574,245	\$2,392,000	\$365,574,245
42	Bellevue	Science Technology Building	\$7,647,600	\$373,221,845	\$7,647,600	\$373,221,845
43	Pierce Puyallup	Communication & Allied Health	\$1,946,716	\$375,168,561	\$1,946,716	\$375,168,561
44	Everett	Undergraduate Education Ctr	\$7,363,700	\$382,532,261	\$7,363,700	\$382,532,261
45	Cascadia	Center for the Arts, Tech, Comm	\$3,031,000	\$385,563,261	\$3,031,000	\$385,563,261
46	SPSCC	Science Complex Expansion	\$3,160,500	\$388,723,761	\$3,160,500	\$388,723,761
47	Pierce Ft. Steilacoom	Science & Technology Building	\$1,986,447	\$390,710,208	\$1,986,447	\$390,710,208
48	Spokane Falls	General Classrooms/Early Learning	\$82,000	\$390,792,208	\$82,000	\$390,792,208
49	Lake Washington	Allied Health	\$87,000	\$390,879,208	\$87,000	\$390,879,208
50	SPSCC	Learning Resource Center	\$197,000	\$391,076,208	\$197,000	\$391,076,208
51	Clover Park	Allied Health	\$160,000	\$391,236,208	\$160,000	\$391,236,208
52	Edmonds	Briar Hall Renovation	\$5,133,020	\$396,369,228	\$5,133,020	\$396,369,228
53	Lake Washington	Gross Anatomy/Health Science Labs	\$1,758,237	\$398,127,465	\$1,758,237	\$398,127,465
54	Big Bend	Performing Arts/Fine Arts Addition	\$3,698,000	\$401,825,465	\$3,698,000	\$401,825,465
55	Clover Park	Building 8 Personal Care Services	\$6,499,000	\$408,324,465	\$6,499,000	\$408,324,465

Community and Technical Colleges
2005-2007 HECB Capital Budget Recommendations
 (continued)

Priority	College	Description	Institution Request		HECB Recommendation	
			Amount	Cumulative	Amount	Cumulative
56	Wenatchee	Brown Library Renovation	\$2,404,300	\$410,728,765	\$2,404,300	\$410,728,765
57	Shoreline	Annex Remodel (2900) Cosmetology	\$2,739,000	\$413,467,765	\$2,739,000	\$413,467,765
58	Yakima	Library Renovation	\$4,168,350	\$417,636,115	\$4,168,350	\$417,636,115
59	Green River	Physical Education Renovation	\$477,000	\$418,113,115	\$477,000	\$418,113,115
60	Pierce Ft Steilacoom	Cascade Core	\$1,350,622	\$419,463,737	\$1,350,622	\$419,463,737
61	Highline	West Primary Power Feed Branch	\$1,717,000	\$421,180,737	\$1,717,000	\$421,180,737
62	Skagit Valley	Campus Fire Loop	\$1,634,000	\$422,814,737	\$1,634,000	\$422,814,737
63	Green River	Relace Campus Water System	\$1,951,000	\$424,765,737	\$1,951,000	\$424,765,737
64	Seattle Central	Bulkhead, Pier and Harbor Dredging	\$1,856,000	\$426,621,737	\$1,856,000	\$426,621,737
65	Statewide	Essential Roof Repairs	\$4,613,000	\$431,234,737	\$4,613,000	\$431,234,737
66	Statewide	Essential Facility Repairs	\$24,264,000	\$455,498,737	\$7,173,506	\$438,408,243
67	Statewide	Essential Site Repairs	\$2,060,000	\$457,558,737	\$0	\$438,408,243
68	Cascadia	South Access Road	\$11,800,506	\$469,359,243	\$11,800,506	\$450,208,749
Total			\$469,359,243		\$450,208,749	
General State Bonds			\$230,641,780		\$246,579,197	
Gardner-Evans Bonds			\$146,975,957		\$116,325,046	
Education Construction Fund			\$30,937,000		\$26,500,000	
Local Capital Accounts			\$49,004,000		\$49,004,000	
Transportation Budget			\$11,800,506		\$11,800,506	



STATE OF WASHINGTON
HIGHER EDUCATION COORDINATING BOARD

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RESOLUTION NO. 04-26

WHEREAS, The Washington Higher Education Coordinating Board (HECB) is a citizens board appointed by the governor and confirmed by the senate and is required to make budget recommendations for higher education funding to both the governor and the legislature; and

WHEREAS, These recommendations are to be based on a review and evaluation of the operating and capital budget requests from the four-year institutions and the community and technical college system and how well these requests align with the board's budget priorities, the missions of the institutions, and the statewide strategic master plan for higher education; and

WHEREAS, The Board adopted the *2004 Strategic Master Plan for Higher Education* where it described its vision, goals, and specific proposals for improving the higher education segment of the state's education system; and

WHEREAS, The strategic master plan includes two goals: (1) increasing the opportunities for students to earn degrees and (2) responding to the state's economic needs; and

WHEREAS, The board has identified budget priorities linked to meeting the goals identified in the strategic master plan. These priorities include: increasing enrollments, including enrollments in high-demand fields; improving the quality of higher education by, among other things, increasing faculty and staff salaries; expanding student financial aid; providing increased funding for basic research; helping community college students to transfer; and improving the student data system; and

WHEREAS, The legislature passed and the governor signed into law House Bill 2151 which provided that the public four-year institutions work with the board and the Council of Presidents to prepare a single prioritized individual ranking of institutional capital projects; that the State Board for Community and Technical Colleges was to continue to submit a single prioritized ranking of proposed community and technical college capital projects; and that the board was to develop criteria for prioritization of these projects; and

WHEREAS, The legislature passed and the governor signed into law Senate Bill 5908 which authorized approximately \$750 million in general obligation bonds over three biennia, beginning in 2003-05, to provide additional capital funding for higher education; and

WHEREAS, The citizen governing boards of the public higher education institutions have submitted operating and capital budget requests for the 2003-05 biennium;



THEREFORE, BE IT RESOLVED, That the board endorses the operating and capital budget requests approved by the citizen governing boards of the public higher education institutions; and

THEREFORE, BE IT FURTHER RESOLVED, That the board has determined that reaching the goals outlined in the strategic master plan in the 2005-07 biennium would be accomplished by making investments of \$848 million in the 2005-07 biennium; and

THEREFORE, BE IT FURTHER RESOLVED, That the public institutions clearly explain to the governor, legislature, and the HECB how these additional resources have been used and the benefits that have accrued; and

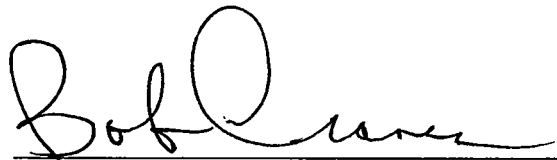
THEREFORE, BE IT FURTHER RESOLVED, That the board recommends that in the 2005-07 biennium the governor and legislature:

1. Provide \$848 million in additional state investments in the higher education operating budget to begin to accomplish the goals outlined by the HECB, and
2. Provide a total of up to \$1.04 billion in capital funding with resources from state General Obligation Bonds, local institutional capital project account funds, and reimbursable bonds to be financed from the Education Construction Fund.

Adopted:

October 21, 2004

Attest:



Bob Craves, Chair



Gene Colin, Secretary